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The 1961 Feed-Grain Program - Who Took Part?

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The 1961 Feed-Grain Program

Who Took Part?

The voluntary feed-grain program was an attempt to halt the build-up of surplus feed grains. Interviews with farmers in 12 Iowa counties reveal traits of farm operators who did and did not take part in the program.

by Norman K. Whittlesey, Dean E. McKee and Earl O. Heady

IOWANS participating in the 1961 Emergency Feed-Grain Program, generally speaking, included younger, cash-grain farmers who operated farms with above-average feed-grain bases. Also, more renters with crop-share leases tended to participate than did owner-operators or renters with other types of leases.

That information comes from interviews with 300 farm operators in six north-central and six south-central Iowa counties. Before looking more specifically at the farms and farm operators who participated in the program, here is a brief summary of the program and its over-all impact on the state.

The Program . . .

The 1961 Emergency Feed-Grain Program was an attempt to halt the build-up of surplus feed-grain stocks in the United States. All producers of corn and grain sorghums were eligible to participate. Compliance with the voluntary program *required* participants to *divert at least 20 percent* of their feed-grain base (average acreage of corn and sorghum grown in 1959 and 1960) to conserving uses and to *maintain* their *normal acreage* of conserving crops (average of hay and rotation pasture acreage for 1959 and 1960).

Participants *could* divert more than 20 percent of their base. Farms with a feed-grain base of 25 acres or less could divert the entire base. Farms with a base of more than 25, but less than 100, acres could divert up to 20 acres *plus* 20 percent of the base. A farmer who had a base of more than 100 acres could divert up to 40 percent of his base.

The national average support prices were $1.20 a bushel for corn and $1.93 a hundredweight for grain sorghum. Support prices were available to each farmer who reduced his corn and grain sorghum acreage 20 percent or more below his 1959-60 average acreage of these crops. Payments for the first 20 percent of the base diverted were equal to 50 percent of the support price in the county multiplied by the normal yield of the farm for each acre diverted. Reductions of 20 to 40 percent were paid at 60 percent of the support rate in the county, and reductions in excess of 40 percent were paid at the 50-percent rate.

Iowa Crop Production: Response to, and effect of, the program in Iowa is partly reflected by the acreages of crops grown in 1960 and 1961. Except for soybeans, the harvested acreage of all crops declined from 1960 to 1961. The acreage of corn planted declined by 17 percent from 1960, but was accompanied by expanded production of soybeans. Some upward trend in soybean acreage, however, was evident before the program began.

With unusually favorable growing conditions in 1961, the yields of *all* crops increased over 1960 yields and partly offset the reduced corn acreage. Corn production in 1961 was only about 3 percent less than in 1960 — but probably still less than it would have been without the reduced acreage.

State Participation: About 56 percent of eligible Iowa farms participated in the 1961 program. The land controlled by the participants represented about 65 percent of Iowa's total feed-grain base. Iowa participants diverted an average of 32 percent of their feed-grain base, or 2,784,330 acres. Nonparticipants, however, planted more feed grains in 1961 than in the previous 2 years. These farmers raised 5,127,647 acres of corn and sorghum in 1961 —an increase of 13 percent over their base. The outcome was that the *total* corn and sorghum acreage in Iowa in 1961 was about 20 percent less than the state's total feed-grain base.

Participation varied among counties (see map). It was greatest in the highly productive cash-grain area of central and north-central Iowa. Webster County, in the center of this area, had the highest participation rate, with 87 percent of eligible farms taking part. Scott and Clayton counties, with 27 percent of eligible farms complying, had the lowest rates of participation. Participation appeared to be related to the amount of livestock on farms and amount of surplus corn produced in the area. The counties with low percentages of participation include some of the most highly productive counties, such as Cedar, as

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well as the counties, such as Wayne, with less desirable soils.

This report is concerned primarily with response to the program in six counties in the north-central cash-grain area and six counties in the southern pasture area of Iowa. The two areas have quite different characteristics. The north-central area typically produces a surplus of feed grains. The soils of the area are highly productive, and a high proportion of the land is tillable. Farming in the southern area depends more upon livestock than is true of the cash-grain area.

A random sample of participant and nonparticipant farms was drawn from the 12 counties. The final sample consisted of 79 participants and 72 nonparticipants in the north-central counties, and 82 participants and 67 nonparticipants in the south-central counties. In the six north-central counties, 77 percent of all eligible farms participated as compared with 50 percent in the six south-central counties. Participants controlled 81 percent of the total feed-grain base in the north-central counties and 67 percent of the base in the south-central counties.

The Farms . . .

Size: In the north-central area, the average size of the sample farms (operator units) was 262 acres for participants, compared with 195 acres for nonparticipants. In the south-central area, there was little difference; both participants and nonparticipants had units averaging about 285 acres.

Tenure: Farms with rented land were more likely to be in the program than were farms entirely owner-operated. In the north-central counties, over 83 percent of the total land of participating farms was rented, compared with 54 percent rented by nonparticipants in the same area. In southern Iowa, about 47 percent of the total land of both participants and nonparticipants was rented.

The type of lease was related to participation in the program. Farmers operating under a crop-share lease were more likely to be participants; farmers operating under a cash lease were more likely to be nonparticipants. In the south-central counties, livestock-share leases were more common among nonparticipants than among participants. There was little difference in the number of livestock-share leases between the participants and nonparticipants in the north-central counties.

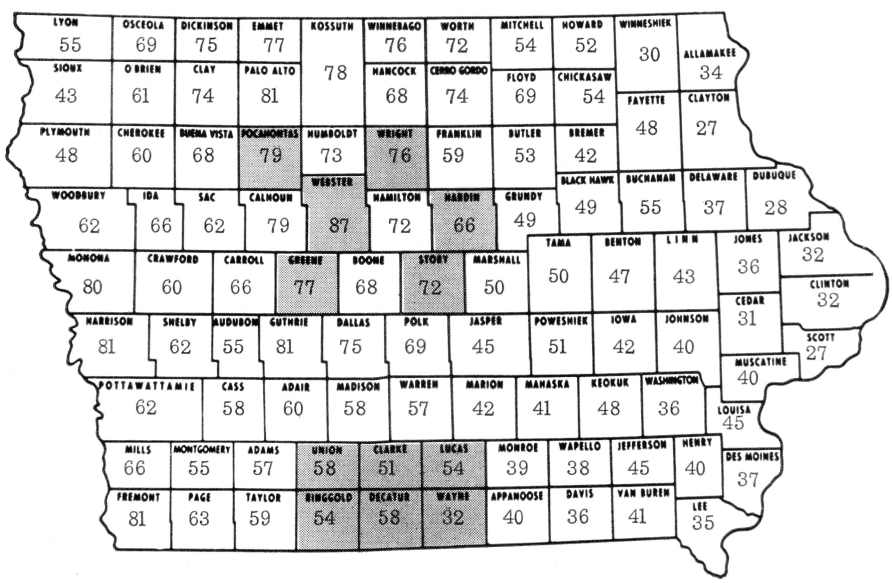
There are several reasons for the relationship between lease type and participation. Under the crop-share lease, for example, the landlord normally disposes of his share of the crop through the market or government nonrecourse loan. Hence, to be eligible for the support price on his share of the crop, the landlord has a strong incentive to participate. The tenant also has a strong incentive since reducing his corn acreage reduces his cash farm operating expenses. By participating, a tenant can reduce his direct costs nearly 100 percent per diverted acre while reducing his gross income by 50 percent or less per diverted acre, depending on how the diversion payment is divided between tenant and landlord. A landlord has less incentive to participate under a cash or livestock-share lease since his rent is less dependent upon crop prices.

Feed-Grain Base: Participating farms had larger feed-grain bases than nonparticipating farms — particularly in the north-central counties (see table 1). Except for the north-central nonparticipants, the rented tracts in both areas had larger feed-grain bases than did the owner-operated tracts. The rented tracts were larger than the owned tracts, however, and probably had been farmed more intensively. There were only small differences between participants and nonparticipants in either area with respect to the level of the *productivity index.*

Cropland: The proportion of cropland represented by the feed-grain base was similar for the participants and nonparticipants in each area. However, the difference between the two areas was large. In the north-central counties, the base averaged 52 percent of the total cropland per farm for participants and 53 percent for nonparticipants (see table 2). In the south-central counties, the corresponding percentages were 34 and 29 for participants and nonparticipants.

Conserving Acreage: Except for rented land in the north-central counties, nonparticipant farms had a greater average normal conserving acreage than did the participants on both owned and rented land. Many farmers listed a large normal conserving acreage as one reason for nonparticipation.

Percent Participation by Counties.



Diverted Acreage: Acres of cropland diverted per participating farm were nearly the same in both areas. The cropland and feed-grain bases per farm were larger in north-central counties, but the percentage of bases diverted was greater in the southern counties.

Participating farms in the north-central counties tended to divert only the minimum acreage required, while those in the south-central counties diverted nearer the maximum acreage permitted. The cropland diverted in the north-central counties represented 27 percent of the total feed-grain base of all participants, compared with 45 percent in the southern counties.

Evidently, diversion of more land than the 20-percent level was more profitable in south-central than in north-central Iowa. The acres of cropland diverted per farm were nearly the same in both areas, however, and the proportion of total cropland diverted was only slightly higher in the south-central counties. Perhaps field size was more important than the level of diversion payments in determining the acreage to be diverted on a particular farm.

Incentives: There appeared to be two major incentives for diverting acres: (1) to qualify for government loans on the corn produced and (2) to qualify for the rental payment on the diverted acreage.

In north-central Iowa, the first objective appears to have been dominant since most farmers diverted only the minimum acreage. In this area, most farmers apparently believed that they could get a greater return from growing corn on their land than from renting it to the government. In southern Iowa, the government rental price apparently was more attractive since most participating farmers diverted the maximum permissible number of acres rather than the minimum.

Corn Yield: Farmers were asked to estimate their expected corn yield for each field on their farm. The difference in expected yields between participants and nonparticipants was very slight in northern Iowa. Nonparticipants in southern Iowa expected yields of about 5 bushels greater than did participants. Since participants and nonparticipants in southern Iowa were given nearly the same average productivity indexes, the difference in expected yields may explain why some nonparticipants remained out of the program.

Livestock: Nonparticipants generally had more livestock than did the participants. Many livestock producers feed all of their grain and get no direct benefit from a grain price support. Hence, they had little incentive to enter the program.

Cattle and hogs were the main livestock enterprises on north-central farms, with hogs being the major livestock among all groups of farms in both areas. Over 50 percent of the participants and about 60 percent of the nonparticipants in the north-central counties had cattle on feed during the 1960 and 1961 feeding years. The nonparticipants raised more hogs than the participants. Approximately 57 percent of the participants and nearly 65 percent of the nonparticipants weaned spring pigs.

The major livestock enterprises in the south-central counties were hogs, beef and dairy cattle. Cattle feeding was less important on the farms in this area than in the north-central counties. Beef cow herds were most commonly found on the nonparticipant farms, while dairy herds and hogs were found more often on the participant farms. Over 72 percent of the participants and more than 82 percent of the nonparticipants in southern Iowa had beef cow herds. Sheep and poultry were relatively minor enterprises in both areas among either participants or nonparticipants.

Kind of livestock alone had little apparent influence on participation in the program. But if a farmer *fed* most of his grain to livestock, regardless of kind, he

TABLE 1. Average per-farm feed-grain base, productivity index, normal conserving acreage and diverted acreage of farmers interviewed in north-central and south-central Iowa.

Item	North Central		South Central	
	Participants	Nonparticipants	Participants	Nonparticipants
Farms with owned land (number)[a]	24	36	57	54
Feed-grain base, acreage	70	83	45	33
Productivity index	99	100	97	96
Normal conserving acreage	14	28	53	57
Diverted acreage	20	0	21	0
Farms with rented land (number)[a]	63	42	51	33
Feed-grain base, acreage	124	83	53	53
Productivity index	101	99	95	100
Normal conserving acreage	24	23	32	53
Diverted acreage	32	0	23	0
All farms (number)[a]	79	72	82	67
Feed-grain base, acreage	120	90	64	52
Productivity index	100	99	96	98
Normal conserving acreage	24	27	57	72
Diverted acreage	32	0	29	0

[a]Some farms had both owned and rented land.

TABLE 2. Feed-grain base, normal conserving acreage and diverted acreage as a percentage of total cropland operated by farmers interviewed in north-central and south-central Iowa.

Item	North Central		South Central	
	Participants	Nonparticipants	Participants	Nonparticipants
Cropland per farm	232 A.	170 A.	187 A.	178 A.
Proportion of cropland represented by:				
Feed-grain base	52%	53%	34%	29%
Normal conserving acreage	10	16	30	40
Diverted acreage	14	0	16	0
Proportion of feed-grain base represented by diverted acreage	27%	0%	45%	0%

was less likely to participate than a farmer who sold his grain.

Farm Type: Having livestock was an important consideration for participation in the north-central counties. But there was no evidence of this factor in the southern counties. In the north-central counties, about 40 percent of the participants and 61 percent of the nonparticipants were livestock farmers. Approximately 80 percent of both participants and nonparticipants in southern Iowa were livestock farmers, perhaps accounting for the lower participation rate in this area.

Nonfarm Income: The major source of nonfarm income was from off-farm jobs or businesses for participants and nonparticipants in both areas. Few farms had other sources of nonfarm income such as land rental, stocks, bonds and savings accounts. Nearly 50 percent of all farmers interviewed had no nonfarm income.

In the most cases, the amount of nonfarm income was less than $2,500. In both areas, however, participants received more nonfarm income than nonparticipants.

Prior Participation: About 9 percent of the participants and none of the nonparticipants in the north-central counties had diverted land under the earlier Conservation Reserve Program. In the south-central counties, 11 percent of the participants and 7½ percent of the nonparticipants had been in the conservation reserve. About 42 percent of the participants and 14 percent of the nonparticipants in the north-central counties, however, had participated in the interim Acreage Reserve Program. In the south-central counties, about 37 percent of each group had been in the acreage reserve.

Age of Operator: The average age of the participants in the north-central counties was 43, compared with 48 years of age for nonparticipants. The corresponding average ages of participants and nonparticipants in south-central Iowa were 46 and 49 years. Though the age differences weren't large, it appeared to be the younger farmers who participated most in the program. Reducing income risk probably outweighed reducing farm labor requirements as a reason for participating in the program. If the opposite had been true, it probably would have been the older rather than the younger farmers who participated most.

IOWA COUNTY GOVERNMENTS FACE **DIFFERENT PROBLEMS**

Some Iowa counties are gaining population; others are losing. Their problems are different. There have been changes in financing and revenue sources, but the organization and structure of county government have changed very little.

by Robert I. Wessel

INTEREST in Iowa rural government has been increasing. Some counties have been or are considering reorganization of their county government structure under a state statute passed in 1959.

Some people are concerned because county government has changed very little—despite rapid changes in our ways of living, in population trends, in transportation, in financing methods and the like. Other concerns stem from more specific kinds of problems with which different counties are confronted. The problems of a county with a rapidly increasing population, for example, may be quite different from the problems of a county with a declining population.

Among other vivid, if not always accurate, terms, county government has been described as a horse-and-buggy government in a jet age, as archaic, inefficient and as irresponsible to the electorate. Yet, the counties as they were organized over 90 years ago continue to serve the basic needs of rural government in the state.

With the criticism that exists, however, it seems worthwhile to examine county government in light of changing conditions and the specific problems, if any, that result. To dismiss county government as not worthy of attention would be to admit, in effect, that the millions of dollars spent by the counties each year aren't worthy of attention. Iowa's 99 counties spent more than 138 million

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